

AMENDED IN SENATE JUNE 12, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 92**

---

**Introduced by Committee on Budget (Blumenfield (Chair), Bloom, Bonilla, Campos, Chesbro, Daly, Dickinson, Gordon, Jones-Sawyer, Mitchell, Mullin, Muratsuchi, Nazarian, Rendon Skinner, Stone, and Ting)**

January 10, 2013

---

*An act relating to the Budget Act of 2013. An act to add Sections 53545.15 and 53565 to the Health and Safety Code, to amend Section 97.68 of, and to add Sections 18032 and 24953 to, the Revenue and Taxation Code, and to amend Section 2 of Chapter 777 of the Statutes of 2012, relating to state government, and making an appropriation therefor, to take effect immediately, bill related to the budget.*

LEGISLATIVE COUNSEL'S DIGEST

AB 92, as amended, Committee on Budget. ~~Budget Act of 2013.~~  
*State government.*

*(1) Existing law provides that there is the Transit-Oriented Development Implementation Fund from which the Department of Housing and Community Development shall provide grants and loans to cities, counties, cities and counties, transit agencies, and developers for the purpose of developing or facilitating the development of higher density uses within close proximity to transit stations that will increase public transit riderships. Existing law appropriates various sums to this fund for use by the department for liquidation of encumbrances for limited periods of time, as specified.*

*This bill instead would extend the period of time during which the appropriated funds shall be available for liquidation of encumbrances*

until June 30, 2017, subject to performance-based milestones to be established by the department.

Existing law provides that there is the Regional Planning, Housing, and Infill Incentive Account in the Housing and Emergency Shelter Trust Fund of 2006 from which funds shall be available, upon appropriation by the Legislature, and subject to other conditions and criteria as the Legislature may provide in statute, for infill incentive grants for capital outlay related to infill housing development and other related infill development, and for brownfield cleanup that promotes infill housing development and other related infill development consistent with regional and local plans. Existing law appropriates various sums to this fund for use by the department for liquidation of encumbrances for limited periods of time, as specified.

This bill instead would extend the period of time during which the appropriated funds shall be available for liquidation of encumbrances until June 30, 2017, subject to performance-based milestones to be established by the department.

Because this bill would extend the period of time during which various appropriations are available for use by the department for particular purposes, this bill would make an appropriation.

(2) Existing law requires the county auditor, in each fiscal year, to allocate property tax revenue to local jurisdictions in accordance with specified formulas and procedures, and generally requires that each jurisdiction be allocated an amount equal to the total of the amount of revenue allocated to that jurisdiction in the prior fiscal year, subject to certain modifications, and that jurisdiction's portion of the annual tax increment, as defined. Existing property tax law also reduces the amounts of ad valorem property tax revenue that would otherwise be annually allocated to the counties, cities, and special districts pursuant to these general allocation requirements by requiring, for purposes of determining property tax revenue allocations in each county for the 1992–93 and 1993–94 fiscal years, that the amounts of property tax revenue deemed allocated in the prior fiscal year to the counties, cities, and special districts be reduced in accordance with certain formulas. Existing law requires that the revenues not allocated to the counties, cities, and special districts as a result of these reductions be transferred to the Educational Revenue Augmentation Fund in that county for allocation to school districts, community college districts, and the county office of education.

*Existing law requires the county auditor to decrease, for the fiscal adjustment period, as defined, the amount of ad valorem property tax revenue allocated to a county's Educational Revenue Augmentation Fund by the countywide adjustment amount, as defined, and requires the auditor to instead allocate this amount to the Sales and Use Tax Compensation Fund in the county. Existing law requires, during this same period, the county auditor to allocate moneys from the Sales and Use Tax Compensation Fund to cities and counties to reimburse these entities for local tax revenue losses resulting from a specified statute, as provided. Existing law defines the "fiscal adjustment period" as the period beginning with the 2004–05 fiscal year and continuing through the fiscal year in which the Director of Finance provides a notification to the State Board of Equalization, as provided. Existing law specifies the manner in which the countywide adjustment amount is required to be calculated and to be allocated after the end of the fiscal adjustment period.*

*This bill would redefine the "fiscal adjustment period" to instead mean the fiscal year in which the Director of Finance provides a specified notification to the State Board of Equalization or the fiscal year in which an additional countywide adjustment amount is determined by the Director of Finance, whichever is later. This bill would require the Director of Finance to estimate when the notification to the State Board of Equalization is likely to occur, and to determine the month of that notification, as provided.*

*This bill would require the Director of Finance, in the calendar year quarter when the director determines that the notification to the State Board of Equalization will occur within either the current or subsequent quarter, to revise the countywide adjustment amount, as specified. This bill would require the Director of Finance, after the end of the revenue exchange period, to provide a schedule to the Controller and the auditor of each county and a copy to the Joint Legislative Budget Committee, of amounts required to be transferred from the Fiscal Recovery Fund to the Sales and Use Tax Compensation Fund in each county, as specified. This bill would require the Controller to transfer the amounts specified in the schedule from the Fiscal Recovery Fund to the Sales and Use Tax Compensation Fund in each county for allocation by the auditor of each county to the county and each city in the county, as provided, thereby making an appropriation.*

*(3) The Personal Income Tax Law and the Corporation Tax Law exclude the recognition of any gain or loss on the exchange of property*

*held for productive use in a trade or business or for investment, if that property is exchanged solely for property of a like kind that is to be held either for productive use in a trade or business or for investment. Existing law authorizes the Franchise Tax Board to propose an assessment upon a failure to file a return, as provided.*

*This bill would, for exchanges that occur in taxable years beginning on or after January 1, 2014, require taxpayers to file an informational return with the Franchise Tax Board if the property acquired in the exchange is located out of state. The bill would authorize the Franchise Tax Board to make an estimate of the net income, from any available information, and to propose to assess the amount of tax, interest, and penalties due in a specified manner if the taxpayer fails to file the information return, and fails to file a tax return, as provided.*

*(4) Existing law, the Housing and Emergency Shelter Trust Fund Act of 2006, authorizes the issuance of bonds in the amount of \$2,850,000,000 pursuant to the State General Obligation Bond Law. Proceeds from the sale of these bonds are used to finance various existing housing programs, capital outlay related to infill development, brownfield cleanup that promotes infill development, housing-related parks, and transit-oriented development administered by the Department of Housing and Community Development. Existing law appropriates \$50,000,000, and additional moneys, as specified, of bond revenues to the Department of Housing and Community Development. From that amount, existing law allocates \$25,000,000, and additional moneys, as specified, from the Regional Planning, Housing, and Infill Incentive Account for infill incentive grants, and \$25,000,000, and additional moneys, from the Transit-Oriented Development Implementation Fund for transit-oriented grants and loans, including any moneys allocated and appropriated that become disencumbered and redeposited in the Transit-Oriented Development Account during the 2012–13 fiscal year, for the purpose of funding transit-oriented grants and loans, as specified.*

*This bill would additionally allocate any moneys allocated and appropriated that become disencumbered and redeposited in the Transit-Oriented Development Account during the 2013–14 fiscal year for the purpose of funding transit-oriented grants and loans, as specified, thereby making an appropriation.*

*(5) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.*

~~*This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2013.*~~

Vote: majority. Appropriation: ~~no~~-yes. Fiscal committee: ~~no~~  
yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 53545.15 is added to the Health and  
2     Safety Code, to read:  
3     53545.15. (a) Notwithstanding any other law, funds  
4     appropriated for deposit into the Transit-Oriented Development  
5     Implementation Fund by Item 2240-101-9736 of the Budget Act  
6     of 2007, as reappropriated by Item 2240-492 of the Budget Act of  
7     2010; Item 2240-101-9736 of the Budget Act of 2008, as  
8     reappropriated by Section 129 of the Budget Act of 2009, as  
9     reappropriated by Item 2240-492 of the Budget Act of 2010; Item  
10    2240-101-9736 of the Budget Act of 2009, as reappropriated by  
11    Item 2240-492 of the Budget Act of 2010; and subdivision (b) of  
12    Section 1 of Chapter 39 of the Statutes of 2008, as reappropriated  
13    by Item 2240-492 of the Budget Act of 2010; shall be made  
14    available for liquidation of encumbrances until June 30, 2017,  
15    subject to performance-based milestones to be established by the  
16    department.  
17    (b) The department shall amend the guidelines with revised  
18    performance-based milestones to approve disbursement extensions.  
19    (c) The department shall evaluate the revised performance-based  
20    milestones on a project by project basis to determine which projects  
21    should be granted time extensions within the timeframe specified.  
22    SEC. 2. Section 53565 is added to the Health and Safety Code,  
23    to read:  
24    53565. (a) Notwithstanding any other law, funds appropriated  
25    for deposit into the Regional Planning, Housing, and Infill  
26    Incentive Account in the Housing and Emergency Shelter Trust  
27    Fund of 2006 by Item 2240-101-6069 of the Budget Act of 2007,  
28    as reappropriated by Item 2240-492 of the Budget Act of 2010;  
29    Item 2240-101-6069 of the Budget Act of 2008, as reappropriated  
30    by Section 129 of the Budget Act of 2009, as reappropriated by  
31    Item 2240-492 of the Budget Act of 2010; Item 2240-101-6069 of  
32    the Budget Act of 2009, as reappropriated by Item 2240-492 of  
33    the Budget Act of 2010; and subdivision (a) of Section 1 of Chapter  
34    39 of the Statutes of 2008, as reappropriated by Item 2240-492 of  
35    the Budget Act of 2010; shall be made available for liquidation of

1 *encumbrances until June 30, 2017, subject to performance-based*  
2 *milestones to be established by the department.*

3 *(b) The department shall amend the guidelines with revised*  
4 *performance-based milestones to approve disbursement extensions.*

5 *(c) The department shall evaluate the revised performance-based*  
6 *milestones on a project by project basis to determine which projects*  
7 *should be granted time extensions within the timeframe specified.*

8 *SEC. 3. Section 97.68 of the Revenue and Taxation Code is*  
9 *amended to read:*

10 97.68. Notwithstanding any other provision of law, in allocating  
11 ad valorem property tax revenue allocations for each fiscal year  
12 during the fiscal adjustment period, all of the following apply:

13 (a) (1) The total amount of ad valorem property tax revenue  
14 otherwise required to be allocated to a county's Educational  
15 Revenue Augmentation Fund shall be reduced by the countywide  
16 adjustment amount.

17 (2) The countywide adjustment amount shall be deposited in a  
18 Sales and Use Tax Compensation Fund that shall be established  
19 in the treasury of each county.

20 (b) For purposes of this section, the following definitions apply:

21 (1) "Fiscal adjustment period" means the period beginning with  
22 the 2004–05 fiscal year and continuing through the fiscal year in  
23 which the Director of Finance notifies the State Board of  
24 Equalization pursuant to subdivision (b) of Section 99006 of the  
25 Government Code; later of either of the following:

26 (A) *The fiscal year in which the Director of Finance notifies the*  
27 *State Board of Equalization pursuant to subdivision (b) of Section*  
28 *99006 of the Government Code.*

29 (B) *The fiscal year in which an additional countywide*  
30 *adjustment amount, as described in subparagraph (B) of paragraph*  
31 *(3) of subdivision (d), is determined.*

32 (2) Except as otherwise provided in subdivision (d), the  
33 "countywide adjustment amount" means the combined total  
34 revenue loss of the county and each city in the county that is  
35 annually estimated by the Director of Finance, based upon the  
36 actual amount of sales and use tax revenues transmitted under  
37 Section 7204 in that county in the prior fiscal year and any  
38 projected growth on that amount for the current fiscal year as  
39 determined by the State Board of Equalization and reported to the  
40 director on or before August 15 of each fiscal year during the fiscal

1 adjustment period, to result for each of those fiscal years from the  
2 0.25 percent reduction in local sales and use rate tax authority  
3 applied by Section 7203.1. The director shall adjust the estimates  
4 described in this paragraph if the board reports to him or her any  
5 changes in the projected growth in local sales and use tax revenues  
6 for the current fiscal year.

7 (3) “In lieu local sales and use tax revenues” means those  
8 revenues that are transferred under this section to a county or a  
9 city from a Sales and Use Tax Compensation Fund or an  
10 Educational Revenue Augmentation Fund.

11 (c) Except as otherwise provided in subdivision (d), for each  
12 fiscal year during the fiscal adjustment period, in lieu sales and  
13 use tax revenues in the Sales and Use Tax Compensation Fund  
14 shall be allocated among the county and the cities in the county,  
15 and those allocations shall be subsequently adjusted, as follows:

16 (1) The Director of Finance shall, on or before September 1 of  
17 each fiscal year during the fiscal adjustment period, notify each  
18 county auditor of that portion of the countywide adjustment amount  
19 for that fiscal year that is attributable to the county and to each  
20 city within that county.

21 (2) The county auditor shall allocate revenues in the Sales and  
22 Use Tax Compensation Fund among the county and cities in the  
23 county in the amounts described in paragraph (1). The auditor shall  
24 allocate one-half of the amount described in paragraph (1) in each  
25 January during the fiscal adjustment period and shall allocate the  
26 balance of that amount in each May during the fiscal adjustment  
27 period.

28 (3) After the end of each fiscal year during the fiscal adjustment  
29 period, other than a fiscal year subject to subdivision (d), the  
30 Director of Finance shall, based on the actual amount of sales and  
31 use tax revenues that were not transmitted for the prior fiscal year,  
32 recalculate each amount estimated under paragraph (1) and notify  
33 the county auditor of the recalculated amount.

34 (4) If the amount recalculated under paragraph (3) for the county  
35 or any city in the county is greater than the amount allocated to  
36 that local agency under paragraph (2), the county auditor shall, in  
37 the fiscal year next following the fiscal year for which the  
38 allocation was made, transfer an amount of ad valorem property  
39 tax revenue equal to this difference from the Sales and Use Tax  
40 Compensation Fund to that local agency.

(5) If the amount recalculated under paragraph (3) for the county or any city in the county is less than the amount allocated to that local agency under paragraph (2), the county auditor shall, in the fiscal year next following the fiscal year for which the allocation was made, reduce the total amount of ad valorem property tax revenue otherwise allocated to that city or county from the Sales and Use Tax Compensation Fund by an amount equal to this difference and instead allocate this difference to the county Educational Revenue Augmentation Fund.

(6) If there is an insufficient amount of moneys in a county's Sales and Use Tax Compensation Fund to make the transfers required by paragraph (4), the county auditor shall transfer from the county Educational Revenue Augmentation Fund an amount sufficient to make the full amount of these transfers.

~~(d) Notwithstanding any other provision of this section, when Section 7203.1 ceases to be operative, all of the following apply:~~

~~(1) If Section 7203.1 ceases to be operative on an October 1 of a fiscal year during the fiscal adjustment period, all of the following apply:~~

~~(A) The "countywide adjustment amount" for that fiscal year means an amount equal to sum of the following two amounts:~~

~~(i) The combined total revenue loss of the county and each city in the county that is estimated by the director, based upon actual sales and use tax revenues transmitted under Section 7204 for the first quarter of the prior fiscal year as determined by the State Board of Equalization and reported to the director on or before that August 15, to result for the first quarter of the current fiscal year from the 0.25 percent reduction in local sales and use tax rate authority applied by Section 7203.1.~~

~~(ii) The difference between the following two amounts:~~

~~(I) The total amount that was allocated to the county and each city in the county under subdivision (c) for the prior fiscal year.~~

~~(II) The actual total amount of local sales and use tax revenue that was not transmitted the county or city and county and each city in the county for the prior fiscal year as a result of the 0.25 percent suspension of local sales and use tax authority applied by Section 7203.1.~~

~~(B) On or before January 31 of that fiscal year, the auditor shall allocate to the county and each city in the county that portion of~~



1 the countywide adjustment amount for that fiscal year that is  
2 attributable to the county and each city in the county.

3 (C) On or before May 1 of that fiscal year, the State Board of  
4 Equalization shall report to the director the actual total amount of  
5 local sales and use tax revenue that was not transmitted to the  
6 county and each city in the county in that fiscal year as a result of  
7 the 0.25 percent suspension of local sales and use tax authority  
8 applied by Section 7203.1. On or before May 1 of that fiscal year,  
9 the director shall do both of the following:

10 (i) Determine the difference between the following two amounts:

11 (I) The amount specified in clause (i) of subparagraph (A) that  
12 was allocated to the county and each city in the county for that  
13 fiscal year under subparagraph (B);

14 (II) The actual total amount of local sales and use tax revenue  
15 that was not transmitted to the county and each city in the county  
16 for that fiscal year as a result of the 0.25 percent suspension of  
17 local sales and use tax authority applied by Section 7203.1.

18 (ii) Notify the auditor of each county of the amounts determined  
19 under clause (i) for his or her county and all of the cities in that  
20 county.

21 (D) (i) If, for any county or city, the amount described in  
22 subclause (I) of clause (i) of subparagraph (C) is greater than the  
23 amount described in subclause (II) of clause (i) of subparagraph  
24 (C), the county auditor shall, on or before May 31 of that fiscal  
25 year, reallocate from the entity to the county Educational Revenue  
26 Augmentation Fund the difference between those amounts.

27 (ii) If, for any county or city, the amount described in subclause  
28 (I) of clause (i) of subparagraph (C) is less than the amount  
29 described in subclause (II) of clause (i) of subparagraph (C), the  
30 county auditor shall, on or before May 31 of that fiscal year,  
31 reallocate from the county Educational Revenue Augmentation  
32 Fund to that entity the difference between those amounts.

33 (2) If Section 7203.1 ceases to be operative on a January 1 of  
34 a fiscal year during the fiscal adjustment period, all of the following  
35 apply:

36 (A) The “countywide adjustment amount” for that fiscal year  
37 means an amount equal to the sum of the following two amounts:

38 (i) The combined total revenue loss of the county and each city  
39 in the county that is estimated by the director, based upon actual  
40 sales and use tax revenues transmitted under Section 7204 for the

1 first and second quarters of the prior fiscal year as determined by  
2 the State Board of Equalization and reported to the director on or  
3 before that August 15, to result for the first and second quarters  
4 of that fiscal year from the 0.25 percent reduction in local sales  
5 and use tax rate authority applied by Section 7203.1.

6 (ii) ~~The difference between the following two amounts:~~

7 (I) ~~The total amount that was allocated to the county and each~~  
8 ~~city in the county under subdivision (c) for the prior fiscal year.~~

9 (II) ~~The actual total amount of local sales and use tax revenue~~  
10 ~~that was not transmitted the county or city and county and each~~  
11 ~~city in the county for the prior fiscal year as a result of the 0.25~~  
12 ~~percent suspension of local sales and use tax authority applied by~~  
13 ~~Section 7203.1.~~

14 (B) ~~The auditor shall allocate to the county and each city in the~~  
15 ~~county that portion of the countywide adjustment amount for that~~  
16 ~~fiscal year that is attributable to the county and each city in the~~  
17 ~~county. One-half of this amount shall be allocated on or before~~  
18 ~~January 31 of that fiscal year and the other one-half of that amount~~  
19 ~~shall be allocated on or before May 31 of that fiscal year.~~

20 (C) ~~On or before June 30 of that fiscal year, the State Board of~~  
21 ~~Equalization shall report to the director the actual total amount of~~  
22 ~~local sales and use tax revenue that was not transmitted to the~~  
23 ~~county and each city in the county for that fiscal year as a result~~  
24 ~~of the 0.25 percent suspension of local sales and use tax authority~~  
25 ~~applied by Section 7203.1. On or before June 30 of that fiscal year,~~  
26 ~~the director shall do both of the following:~~

27 (i) ~~Determine the difference between the following two amounts:~~

28 (I) ~~The amount specified in clause (i) of subparagraph (A) that~~  
29 ~~was allocated to the county and each city in the county for that~~  
30 ~~fiscal year under subparagraph (B).~~

31 (II) ~~The actual total amount of local sales and use tax revenue~~  
32 ~~that was not transmitted to the county and each city in the county~~  
33 ~~for that fiscal year as a result of the 0.25 percent suspension of~~  
34 ~~local sales and use tax authority applied by Section 7203.1.~~

35 (ii) ~~Notify the auditor of each county of the amounts determined~~  
36 ~~under clause (i) for his or her county and all of the cities in that~~  
37 ~~county.~~

38 (D) (i) ~~If, for any county or city, the amount described in~~  
39 ~~subclause (I) of clause (i) of subparagraph (C) is greater than the~~  
40 ~~amount described in subclause (II) of clause (i) of subparagraph~~

1 ~~(C), the county auditor shall, on or before January 31 of the~~  
2 ~~following fiscal year, reallocate from the entity to the county~~  
3 ~~Educational Revenue Augmentation Fund the difference between~~  
4 ~~those amounts.~~

5 ~~(ii) If, for any county or city, the amount described in subelause~~  
6 ~~(I) of clause (i) of subparagraph (C) is less than the amount~~  
7 ~~described in subelause (II) of clause (i) of subparagraph (C), the~~  
8 ~~county auditor shall, on or before January 31 of the following fiscal~~  
9 ~~year, reallocate from the county Educational Revenue~~  
10 ~~Augmentation Fund to that entity the difference between those~~  
11 ~~amounts.~~

12 ~~(3) If Section 7203.1 ceases to be operative on an April 1 of a~~  
13 ~~fiscal year during the fiscal adjustment period, all of the following~~  
14 ~~apply:~~

15 ~~(A) On or before May 1 of that fiscal year, the director shall~~  
16 ~~determine and report to the auditor of each county that portion of~~  
17 ~~the countywide adjustment amount that is attributable to the~~  
18 ~~estimated sales and use tax revenue losses, resulting from the rate~~  
19 ~~suspension applied by Section 7203.1, for the fourth quarter of~~  
20 ~~that fiscal year for the county and each city in the county.~~

21 ~~(B) The auditor shall reduce the total amount that is otherwise~~  
22 ~~required to be allocated in May of that fiscal year from the county~~  
23 ~~Sales and Use Tax Compensation Fund to the county and each city~~  
24 ~~in the county by the amount reported by the director with respect~~  
25 ~~to that entity under subparagraph (A). After the May allocations~~  
26 ~~have been made, the auditor shall transfer any moneys remaining~~  
27 ~~in the county Sales and Use Tax Compensation Fund to the county~~  
28 ~~Educational Revenue Augmentation Fund.~~

29 ~~(C) On or before January 1 of the next fiscal year, the State~~  
30 ~~Board of Equalization shall report to the director the actual total~~  
31 ~~amount of local sales and use tax revenue that was not transmitted~~  
32 ~~to the county and each city in the county for the prior fiscal year~~  
33 ~~as a result of the 0.25 percent suspension of local sales and use tax~~  
34 ~~authority applied by Section 7203.1. On or before January 1 of~~  
35 ~~that fiscal year, the director shall do both of the following:~~

36 ~~(i) Determine the difference between the following two amounts:~~

37 ~~(I) The total amount that was allocated to the county and each~~  
38 ~~city in the county for the prior fiscal year under subdivision (c);~~  
39 ~~as adjusted under subparagraph (B).~~

~~(H) The actual total amount of local sales and use tax revenue that was not transmitted to the county and each city in the county for the prior fiscal year as a result of the 0.25 percent suspension of local sales and use tax authority applied by Section 7203.1.~~

~~(ii) Notify the auditor of each county of the amounts determined under clause (i) for his or her county and all of the cities in that county.~~

~~(D) (i) If, for any county or city, the amount described in subclause (I) of clause (i) of subparagraph (C) is greater than the amount described in subclause (H) of clause (i) of subparagraph (C), the county auditor shall, on or before January 31 of that fiscal year, reallocate from the entity to the county Educational Revenue Augmentation Fund the difference between those amounts.~~

~~(ii) If, for any county or city, the amount described in subclause (I) of clause (i) of subparagraph (C) is less than the amount described in subclause (H) of clause (i) of subparagraph (C), the county auditor shall, on or before January 31 of the following fiscal year, reallocate from the county Educational Revenue Augmentation Fund to that entity the difference between those amounts.~~

~~(4) If Section 7203.1 ceases to be operative on a July 1, all of the following apply:~~

~~(A) On or before January 1 of that fiscal year, the State Board of Equalization shall notify the Director of Finance of the actual total amount of local sales and use tax revenue that was not transmitted to each county and city for the prior fiscal year as a result of the 0.25 percent suspension of local sales and use tax authority applied by Section 7203.1.~~

~~(B) On or before January 31 of that fiscal year, the director shall do both of the following:~~

~~(i) Determine for each city, county, and city and county, the difference between the following two amounts:~~

~~(I) The total amount that was allocated to that entity under subdivision (c) for the prior fiscal year.~~

~~(II) The actual total amount of local sales and use tax revenue that was not transmitted to the entity for the prior fiscal year as a result of the 0.25 percent suspension of local sales and use tax authority applied by Section 7203.1.~~

1     (ii) ~~Notify the auditor of each county of the amounts determined~~  
2 ~~under clause (i) for his or her county and all of the cities in that~~  
3 ~~county.~~

4     (C) (i) ~~If, for any county or city, the amount described in~~  
5 ~~subclause (I) of clause (i) of subparagraph (B) is greater than the~~  
6 ~~amount described in subclause (II) of clause (i) of subparagraph~~  
7 ~~(B), the county auditor shall, on or before January 31 of that fiscal~~  
8 ~~year, reallocate from the entity to the county Educational Revenue~~  
9 ~~Augmentation Fund the difference between those amounts.~~

10    (ii) ~~If, for any county or city, the amount described in subclause~~  
11 ~~(I) of clause (i) of subparagraph (B) is less than the amount~~  
12 ~~described in subclause (II) of clause (i) of subparagraph (B), the~~  
13 ~~county auditor shall, on or before January 31 of the following fiscal~~  
14 ~~year, reallocate from the county Educational Revenue~~  
15 ~~Augmentation Fund to that entity the difference between those~~  
16 ~~amounts.~~

17    (d) (1) *At such time as the Director of Finance estimates that*  
18 *the notification described in subparagraph (A) of paragraph (1)*  
19 *of subdivision (b) is likely to occur within the subsequent 12*  
20 *months, the director shall, at the beginning of each subsequent*  
21 *calendar year quarter, determine the month in which the*  
22 *notification will occur.*

23    (2) (A) *In the calendar year quarter in which the Director of*  
24 *Finance determines that the notification described in subparagraph*  
25 *(A) of paragraph (1) of subdivision (b) will occur within either the*  
26 *current or subsequent quarter, the director shall revise the*  
27 *countywide adjustment amount described in subdivision (c) for*  
28 *the current fiscal year such that the countywide adjustment amount*  
29 *is calculated only through the quarter in which the director gives*  
30 *notification pursuant to subparagraph (A) of paragraph (1) of*  
31 *subdivision (b). The director, when appropriate, may revise the*  
32 *countywide adjustment amount described in subdivision (c) for*  
33 *the subsequent fiscal year such that the countywide adjustment*  
34 *amount described in subdivision (c) is calculated only through the*  
35 *quarter in which the director gives notification pursuant to*  
36 *subparagraph (A) of paragraph (1) of subdivision (b).*

37    (B) *If the determination regarding the notification described in*  
38 *subparagraph (A) is revised, the countywide adjustment amount*  
39 *calculated in subparagraph (A) for either the current or the*  
40 *subsequent fiscal year shall be recalculated such that the*

1 countywide adjustment amount described in subdivision (c) is  
2 calculated only through the quarter in which the Director of  
3 Finance gives notification pursuant to subparagraph (A) of  
4 paragraph (1) of subdivision (b).

5 (3) (A) After the end of the revenue exchange period, the  
6 Director of Finance shall do both of the following:

7 (i) Provide to the Controller, with a copy to the Joint Legislative  
8 Budget Committee, a schedule providing for a transfer from the  
9 Fiscal Recovery Fund, established pursuant to Section 99008 of  
10 the Government Code, to the Sales and Use Tax Compensation  
11 Fund of either of the following amounts:

12 (I) An amount equal to the local sales and use tax revenue not  
13 received by the county and each city in the county during the  
14 revenue exchange period as a result of the 0.25-percent reduction  
15 in local sales and use tax authority applied by Section 7203.1  
16 minus the sum of all countywide adjustment amounts deposited  
17 during the revenue exchange period, as determined by the director.  
18 This amount shall be summed over all counties.

19 (II) If the amount summed over all counties in subclause (I) is  
20 greater than the difference between the balance in the Fiscal  
21 Recovery Fund and an amount sufficient to cover the estimated  
22 costs associated with closing the Fiscal Recovery Fund, then a  
23 proportion shall be calculated equal to the proportion between  
24 the amount in subclause (I) summed over all counties and an  
25 amount equal to the difference between the balance in the Fiscal  
26 Recovery Fund and an amount sufficient to cover the estimated  
27 costs associated with closing the Fiscal Recovery Fund. The  
28 amount calculated under this subclause is equal to the product of  
29 the amount calculated in subclause (I) and the proportion  
30 calculated in this subclause.

31 (ii) Provide a schedule to the auditor of each county of the  
32 amounts calculated under clause (i).

33 (B) If the amount provided for in the schedule required pursuant  
34 to clause (i) of subparagraph (A) is the amount that is described  
35 in subclause (II) of clause (i) of subparagraph (A), an amount  
36 equal to the difference between the amount that is described in  
37 subclause (I) of clause (i) of subparagraph (A) and the amount  
38 that is described in subclause (II) of clause (i) of subparagraph  
39 (A) shall constitute an additional countywide adjustment amount

1 *to be applied in the manner prescribed in subdivision (a) for either*  
2 *the current or subsequent fiscal year, as determined by the director.*

3 *(4) The Controller shall transfer, from the Fiscal Recovery Fund*  
4 *to the Sales and Use Tax Compensation Fund for each county, the*  
5 *amount specified for that county in the schedule provided by the*  
6 *Director of Finance pursuant to clause (i) of subparagraph (A) of*  
7 *paragraph (3).*

8 *(5) Within 60 days of the transfer by the Controller of revenues*  
9 *from the Fiscal Recovery Fund to the Sales and Use Tax*  
10 *Compensation Fund for each county, each county auditor shall*  
11 *allocate revenue to the county and each city in the county per the*  
12 *schedule provided by the Director of Finance pursuant to clause*  
13 *(ii) of subparagraph (A) of paragraph (3).*

14 *(6) For purposes of this subdivision, "revenue exchange period"*  
15 *has the same meaning as defined in subdivision (b) of Section*  
16 *7203.1*

17 *(e) For the 2005–06 fiscal year and each fiscal year thereafter,*  
18 *the amounts determined under subdivision (a) of Section 96.1, or*  
19 *any successor to that provision, may not reflect any portion of any*  
20 *property tax revenue allocation required by this section for a*  
21 *preceding fiscal year.*

22 *(f) This section may not be construed to do any of the following:*

23 *(1) Reduce any allocations of excess, additional, or remaining*  
24 *funds that would otherwise have been allocated to cities, counties,*  
25 *cities and counties, or special districts pursuant to clause (i) of*  
26 *subparagraph (B) of paragraph (4) of subdivision (d) of Section*  
27 *97.2, clause (i) of subparagraph (B) of paragraph (4) of subdivision*  
28 *(d) of Section 97.3, or Article 4 (commencing with Section 98),*  
29 *had this section not been enacted. The allocation made pursuant*  
30 *to subdivisions (a) and (c) shall be adjusted to comply with this*  
31 *paragraph.*

32 *(2) Require an increased ad valorem property tax revenue*  
33 *allocation to a community redevelopment agency.*

34 *(3) Alter the manner in which ad valorem property tax revenue*  
35 *growth from fiscal year to fiscal year is determined or allocated*  
36 *in a county.*

37 *(g) Existing tax exchange or revenue sharing agreements,*  
38 *entered into prior to the operative date of this section, between*  
39 *local agencies or between local agencies and nonlocal agencies*  
40 *shall be deemed to be temporarily modified to account for the*

1 reduced sales and use tax revenues, resulting from the temporary  
2 reduction in the local sales and use tax rate, with those reduced  
3 revenues to be replaced in kind by property tax revenue from a  
4 Sales and Use Tax Compensation Fund or an Educational Revenue  
5 Augmentation Fund, on a temporary basis, as provided by this  
6 section.

7 *SEC. 4. Section 18032 is added to the Revenue and Taxation*  
8 *Code, to read:*

9 *18032. (a) If gain or loss from the exchange of property in*  
10 *this state of a taxpayer is not recognized under this part because*  
11 *of Section 1031 of the Internal Revenue Code, relating to exchange*  
12 *of property held for productive use or investment, for a taxable*  
13 *year and the property acquired in that exchange is located outside*  
14 *of this state, the taxpayer shall file an information return with the*  
15 *Franchise Tax Board for the taxable year of the exchange and for*  
16 *each subsequent taxable year in which the gain or loss from that*  
17 *exchange has not been recognized, in the form and manner*  
18 *prescribed by the Franchise Tax Board.*

19 *(b) If a taxpayer fails to file an information return required*  
20 *pursuant to subdivision (a), and fails to file a return required under*  
21 *Part 10.2 (commencing with Section 18401), the Franchise Tax*  
22 *Board may make an estimate of the net income, from any available*  
23 *information, including the amount of gain described in subdivision*  
24 *(a), and may propose to assess the amount of tax, interest, and*  
25 *penalties due in the same manner as Section 19087.*

26 *(c) Chapter 3.5 (commencing with Section 11340) of Part 1 of*  
27 *Division 3 of Title 2 of the Government Code shall not apply to*  
28 *any standard, criterion, procedure, determination, rule, notice, or*  
29 *guideline established or issued by the Franchise Tax Board*  
30 *pursuant to this section.*

31 *(d) This section shall apply to exchanges of property that occur*  
32 *in taxable years beginning on or after January 1, 2014.*

33 *SEC. 5. Section 24953 is added to the Revenue and Taxation*  
34 *Code, to read:*

35 *24953. (a) If gain or loss from the exchange of property in*  
36 *this state of a taxpayer is not recognized under this part because*  
37 *of Section 1031 of the Internal Revenue Code, relating to exchange*  
38 *of property held for productive use or investment, for a taxable*  
39 *year and the property acquired in that exchange is located outside*  
40 *of this state, the taxpayer shall file an information return with the*



1 *Franchise Tax Board for the taxable year of the exchange and for*  
2 *each subsequent taxable year in which the gain or loss from that*  
3 *exchange has not been recognized, in the form and manner*  
4 *prescribed by the Franchise Tax Board.*

5 *(b) If a taxpayer fails to file an information return required*  
6 *pursuant to subdivision (a), and fails to file a return required under*  
7 *Part 10.2 (commencing with Section 18401), the Franchise Tax*  
8 *Board may make an estimate of the net income, from any available*  
9 *information, including the amount of gain described in subdivision*  
10 *(a), and may propose to assess the amount of tax, interest, and*  
11 *penalties due in the same manner as Section 19087.*

12 *(c) Chapter 3.5 (commencing with Section 11340) of Part 1 of*  
13 *Division 3 of Title 2 of the Government Code shall not apply to*  
14 *any standard, criterion, procedure, determination, rule, notice, or*  
15 *guideline established or issued by the Franchise Tax Board*  
16 *pursuant to this section.*

17 *(d) This section shall apply to exchanges of property that occur*  
18 *in taxable years beginning on or after January 1, 2014.*

19 *SEC. 6. Section 2 of Chapter 777 of the Statutes of 2012 is*  
20 *amended to read:*

21 *Sec. 2. The sum of fifty million dollars (\$50,000,000), and the*  
22 *amount of moneys specified in subdivision (c), is hereby*  
23 *appropriated to the Department of Housing and Community*  
24 *Development as follows:*

25 *(a) Twenty-five million dollars (\$25,000,000) from the Regional*  
26 *Planning, Housing, and Infill Incentive Account established*  
27 *pursuant to subdivision (b) of Section 53545 of the Health and*  
28 *Safety Code, for the purpose of funding infill incentive grants*  
29 *pursuant to Section 53545.13 of the Health and Safety Code.*

30 *(b) Twenty-five million dollars (\$25,000,000) from the*  
31 *Transit-Oriented Development Implementation Fund established*  
32 *pursuant to subdivision (c) of Section 53545 of the Health and*  
33 *Safety Code, for the purpose of funding transit-oriented grants and*  
34 *loans pursuant to Part 13 (commencing with Section 53560) of*  
35 *Division 31 of the Health and Safety Code.*

36 *(c) (1) Any moneys allocated and appropriated pursuant to*  
37 *subdivision (b) of Section 53545 of the Health and Safety Code*  
38 *that become disencumbered and redeposited in the Regional*  
39 *Planning, Housing, and Infill Incentive Account during the*  
40 *2012–13 and 2013–14 fiscal years, for the purpose of funding infill*

1 incentive grants pursuant to Section 53545.13 of the Health and  
2 Safety Code.

3 (2) Any moneys allocated and appropriated pursuant to  
4 subdivision (c) of Section 53545 of the Health and Safety Code  
5 that become disencumbered and redeposited in the Transit-Oriented  
6 Development Account during the 2012–13 *and* 2013–14 fiscal  
7 year years, for the purpose of funding transit-oriented grants and  
8 loans pursuant to Part 13 (commencing with Section 53560) of  
9 Division 31 of the Health and Safety Code.

10 *SEC. 7. This act is a bill providing for appropriations related*  
11 *to the Budget Bill within the meaning of subdivision (e) of Section*  
12 *12 of Article IV of the California Constitution, has been identified*  
13 *as related to the budget in the Budget Bill, and shall take effect*  
14 *immediately.*

15 ~~SECTION 1. It is the intent of the Legislature to enact statutory~~  
16 ~~changes relating to the Budget Act of 2013.~~